

Retiree News & NOTES



STATE RETIREMENT
and PENSION SYSTEM
of MARYLAND

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A Newsletter for Retirees from the State Retirement & Pension System of Maryland

John Douglass elected to Board of Trustees

Members and retirees of the Employees' Systems elected John Douglass to the Board of Trustees of the State Retirement and Pension System of Maryland in this spring's special Trustee election.

Mr. Douglass retired from the Maryland House of Delegates after 24 years of public service. He was Joint Budget and Audit Committee Chairman for 13 years and more recently served as Deputy Director of the Maryland State Department of Assessments and Taxation.

Special Trustee election slated to fill vacant Board seat

The State Retirement and Pension System will conduct a special Trustee election this summer to fill the post of Trustee Arthur N. Caple, Jr., who passed away in May after nearly 20 years of dedicated service to the System.

Candidates for this Board seat must be active members of the of the Employees' Retirement or Pension Systems, Judges' Retirement System, Correctional Officers' Retirement System, Law Enforcement Officers' Pension System, Local Fire and Police System, or Legislative Pension Plan. The successful candidate will serve as Trustee for the remainder of the late Mr. Caple's term, which expires on July 31, 2005.

Although this particular Board seat is open only to active members, both active members and retirees of the above systems will be eligible to vote in the special Trustee election.

In addition to being an active member of one of the systems listed above, each potential candidate must first obtain the signatures of 500 eligible voters on official nomination petitions. To receive a nomination petition, contact William Legg at 410-625-5612 or toll free at 1-800-492-5909.

Dear Retiree:

THE STATE RETIREMENT AND PENSION SYSTEM is quite a different organization than it was two years ago. Board, staff, governance, investment strategy and policy are all materially different and the results are beginning to show the rewards of our work and your patience.

Much was made in the past about the TUCS (Trust Universal Comparison Service) ranking, which showed Maryland's performance about last when compared with other public managed pension funds with over a billion dollars in assets. Not a good place to be. The Board recognized that much needed to be done to get away from this unfortunate distinction. In the midst of very unsettling times, change can be especially difficult to implement but it was all the more necessary given the urgency of our mission. We realized that systemic organizational change was required here; there could be no quick solutions. In approaching this dilemma, the Board recognized also that it did not have a monopoly on wisdom and any suggestions offered in good faith were welcomed and received a fair hearing.

Agency action represented a genuine effort, including the Board and the entire organization. While the System has always been more than able to meet its obligations, a plan of action was required based on the prudent portfolio management strategies of diversification and sector allocation.

During the past two years, your Board has accomplished many positive results because we have maintained our focus on our most important mission – ensuring the pension benefits of our retirees and members, now and in the future, in the amounts promised and on time. This goal will be accomplished with each Board member and every Agency employee exercising the highest fiduciary and professional standards.

We are making good progress. The most recent TUCS performance ranking relative to our peers at the end of 2003 calendar year, shows that we have risen significantly above average to 44%, a further improvement from 2002 when we were in the bottom quarter, at 77%. The journey for excellence never stops but the Board feels we have come a long way. We hope you agree.

Sincerely,

William Donald Schaefer
Chairman

Nancy K. Kopp
Vice Chairman

Gov. Ehrlich taps Hamilton, Hughes, Moye, O'Shea for Board

David B. Hamilton, F. Patrick Hughes, A. Melissa Moye, and Patrick A. O'Shea were appointed by Governor Robert L. Ehrlich, Jr. in recent months to serve on the Board of Trustees of the State Retirement and Pension System of Maryland.

DAVID B. HAMILTON

Mr. Hamilton is Co-Chairman of the Litigation Department of Ober, Kaler, Grimes & Shriver, a Baltimore law firm. He also serves as Vice-President of the Maryland Economic & Business Development Coalition. He graduated from the University of Maryland Law School with honors.

F. PATRICK HUGHES

Mr. Hughes is a director of Kimco Realty Trust. He previously served as President and Chief Executive

Officer of Mid-Atlantic Realty Trust (MART,) a Baltimore company that was merged into Kimco in 2003. Mr. Hughes holds an MBA from Loyola College and a CPA certificate.

A. MELISSA MOYE, PH.D.

Dr. Moye is First Vice President and Chief Economist of Trust and Investment Services at Amalgamated Bank in Washington, D.C. She also serves as a pension analyst and economist for AFSCME and SEIU. She holds a Ph.D. from the University of Notre Dame.

PATRICK A. O'SHEA

Mr. O'Shea is a Partner of Banner Capital Markets, LLC, a Baltimore-based strategic financial advisory firm. He holds an MBA from Colgate Darden Graduate School of Business Administration at the University of Virginia and a BS from the University of Virginia.

For more information on the Board of Trustees, log on to the State Retirement Agency's Web site at www.sra.state.md.us.

Legislative Update

RETIREMENT LEGISLATION ENACTED IN ANNAPOLIS

During this year's legislative session in Annapolis, the Maryland General Assembly enacted bills of special interest to retirees of the State Retirement and Pension System. The following bills were signed into law by Governor Robert L. Ehrlich, Jr. These bills become effective July 1, 2004.

SENATE BILL 78: JUDGES' RETIREMENT SYSTEM - DEATH BENEFITS - SURVIVING SPOUSE

Synopsis: Eliminates the requirement that a retired judge's surviving spouse must be at least age 50 to receive a survivor benefit. Upon the death of a former member or retiree of the Judges' System, the surviving spouse, regardless of age, will receive 50% of the retirement allowance that was payable to the deceased judge.

HOUSE BILL 507: TEMPORARY OR CONTRACTUAL REEMPLOYMENT OF RETIREES OF THE WORKFORCE REDUCTION ACT

Synopsis: Repeals the special filing requirements for State employees

who retired under the Early Retirement Incentive Program in 1996. These retirees are now subject to the regular reemployment rules for their systems.

SENATE BILL 548: STATE RETIREE HEALTH CARE PROTECTION ACT

Synopsis: Creates a Postretirement Health Benefits Trust Fund to help pay the State health insurance subsidy available to eligible State retirees. The new fund will be invested under the management of the Board of Trustees of the State Retirement and Pension System. The State will not draw on the fund until fiscal year 2016. State retirees will continue to be responsible for their portion of the health insurance premium.

EARNINGS LIMIT EXEMPTIONS FOR TEACHERS, PRINCIPALS, AND HEALTH CARE WORKERS EXPIRE JUNE 30

Special earnings limitations for certain retirees of the Employees' and Teachers' Retirement and Pension Systems will expire June 30, 2004.

Effective July 1, teachers and principals receiving a service retirement benefit who return to work for the same employer will be subject to a future offset of their monthly retirement benefit if their earnable compensation exceeds their earnings limitation. Likewise, service retirees of the Employees' Systems who accept contractual employment as health care practitioners with any State agency will be subject to an earnings limit beginning July 1. The earnings limits are waived after 10 full calendar years of retirement.

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